Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers	)	CC Docket No. 01.338
	)	
Implementation of the Local Competition Provisions of the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
Deployment of Wireline Services Offering Advanced Telecommunications Capability	)	CC Docket No. 98.147

REPLY COMMENTS OF THE SOUTHWEST COMPETITIVE TELECOMMUNICATIONS ASSOCIATION

TABLE OF CONTENTS

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The Southwest Competitive Telecommunications Association comes now and files these reply comments in the above styled proceeding.

I. Introduction

On December 20, 2001, the Federal Communications Commission (Commission) released a Notice For Proposed Rulemaking (*Triennial Review Notice*) to review the Commission's policies regarding unbundled network elements (UNEs) pursuant to Section 251 of the Federal Telecommunications Act of 1996. Interested parties were invited to provide responses to the *Triennial Review Notice* on April 5, 2002. The Southwest Competitive Telecommunications Association (SWCTA)[1], along with its member companies, provided comments in this proceeding and will now take this time to provide additional comments in

response to the comments provided by SBC Communications Inc.[2] and Verizon Telephone Companies.[3]

II. Executive Summary

In these comments, we urge the Commission to recognize several key factors essential to the survival of the competition in the telecommunications industry. First, the Commission must embrace the many values to be found from all forms of competition. There is, indeed, a place in the market for facilities-based providers, CLECs using a combination of their own facilities and unbundled network elements, and CLECs relying solely on another network to provision service. Each form is valid and valuable to the growth and development of competition as well as the innovation of network elements and service offerings. Moreover, each form is valid and valuable under the Federal Telecommunications Act of 1996 (the Act).

The reasons that these various forms of entry are valuable, in addition to their recognition in the Act, are many. First, we emphasize that it is for the marketplace, not public policy makers, to sort out successful ventures from unsuccessful one. Second, the call of the incumbents, who already have networks, to end or severely limit UNEs is blatantly self-serving and would send the competitive industry marching off the cliff to disaster. The financial community has harshly judged those CLECs who have attempted to invest huge sums of money into networks before they had customers and revenues. As any parent would chastise an offspring, you need to have income before you have expenses. The LEC business is no

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[1] SWCTA, a regional association of 43 telecommunications companies and suppliers also known by the name TEXALTEL, was founded in 1983. SWCTA's purpose is to promote the interests of competitive telecommunications companies in the Southwestern Bell Telephone Company operating region.
[2] *See* Comments of SBC Communications; CC Docket No. 01-338, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; April 5, 2002. (SBC Comments)
[3] *See* Comments and Contingent Petition for Forbearance of the Verizon Telephone Companies; CC Docket No. 01-338, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; April 5, 2002. (Verizon Comments)

exception. If anything, its capital intensive nature should provide a textbook example that a company must have customers, revenues and profitability before it can expect to raise the necessary capital to build networks. Third, there are facets of the telecommunications business that arguable still are natural monopoly in nature. The "last mile" or "local loop", in our opinion, still would be considered to be a natural monopoly if economic tests were applied. It would be an enormous disservice to the public to have every CLEC plowing up every street and Right of Way to place competing networks. Financially, that is unthinkable; practically, it is impossible. And last, ubiquity is crucial to most CLECs. Even those who are building out substantial networks realize that they must have connectivity outside of their networks if they are to achieve the critical mass of customers that leads to profitability. Just as in the early days of private line competition, competitors found that if they built, for example, to 10% of the customers, then even if they won all of those customers, they could only fulfill 10% of those customers needs to call other customers (as, in theory, only 10% of those customers calls would be to others who were "on net"). Thus, even with a 10% build-out, a competitor could only provide 1% of the services needed in that market. To be able to reach customers that a CLEC has not built out is crucial to nearly every CLEC business plan. The Commission has long since recognized that interconnectivity and ubiquity are crucial to efficient market entry. We urge the Commission to recognize the road to destruction (of CLECs) that the ILECs would have us go down. What most people of at least average intelligence understand is that public policy makers do not "force" new entrants to build facilities, all that public policy makers can do is to raise the cost of entry so high that competitors chose not to enter.

Second, it is imperative to understand that if this industry is to experience full and meaningful competition to the benefit of consumers, CLECs must have continued access to

necessary unbundled network elements (UNEs), including the UNE platform (UNE-P) and the local switch port. These elements are critical by providing a viable entry mechanism into the local telecommunications market. It is also important that CLECs have access to future elements as investment, which typically leverage off of the existing network structure, brings more efficient and innovative networks, reducing the costs for both the incumbents and competitors and allowing CLECs to effectively compete with ILEC offerings, including broadband service offerings.

Finally, the Act envisioned a cooperative relationship between the Commission and the states that both have embraced in the past. Their unique positions allow state commissions the opportunity to observe and react to trends in the industry and craft appropriate remedies within a reasonable timeframe. Over the past six years, state commissions, such as the Public Utility Commission of Texas (Texas PUC), have utilized their position and resources to conduct multitudes of arbitrations enforcing the Sections 271 and 251 unbundling obligations on the incumbent local exchange companies in their state, further fostering the competitive market.

Now, more than ever, competitors, as well as investors, must be assured that, going forward, they have the support of a solid framework embraced by the Commission and the state commissions. Without this assurance, CLECs are unable to plan their businesses and react according to market trends, which affect their ability to obtain and retain customers.

III. Embrace Unbundling Obligations

In this section, we urge the Commission to embrace the Act's unbundling obligations, including obligations in competitive markets. In particular we will address the continued availability of local switching. We will also address the process the Commission should utilize when removing a UNE from the UNE list if the Commission deemed it necessary.

The Commission is well aware that the telecommunications industry has taken a beating on Wall Street for more than a year. Companies have experienced enormous losses, which have been incurred, in large part, to ILEC foot dragging to provide access to their networks mandated by both the legislature, through the Act, and the policy decisions made by both the Commission and state regulatory agencies.[4] As well, the *Triennial Review Notice* contributes to the challenges by suggesting sweeping policy review and hinting at restructuring the entire foundation under which the industry operates. While constant policy challenges by ILECs are to be expected, the possibility that regulators and political bodies are considering changing the fundamental ground rules on which their business plans are based make it difficult, if not impossible, for competitors to attract investors.

It is now up to the Commission to solidify the industry and move it back on course with the fundamental goals of the Act. The Commission must use this Triennial Review to make a definitive statement to the ILECs, the industry and investors as a whole that the competitors will continue to have access to UNEs, even if wholesale alternatives are available. New entrants will always need access to the incumbent network, regardless of whether existing companies are utilizing the ILEC UNEs or their own facilities.

In fact, we challenge the Commission to go one step further and eliminate any unbundling exceptions artificially imposed in previous policy reviews, as well as, include the following suggestions we provided in our previous comments:

1. Reaffirm that UNEs are available without collocation requirement;

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[4] And while ILECs seed to blame Commission's such as this Commission for their lowered stock price, two things should be noted. First, ILEC stocks have largely outperformed the industry. Second, rather than blaming regulators, ILECs should take responsibility for their bad investments. SBC, for example, is selling its Sterling unit for approximately 2 billion dollars less than it paid two years ago. In spite of this and other poor business decisions, SBC consistently blames regulation.

2. ***Prohibit ILECs from imposing "tying" requirements to UNEs so ILECs cannot force CLECs to buy unnecessary elements in order to obtain the desired element;***

3. ***Eliminate use restrictions on UNEs; and***

4. ***Reaffirm that ILECs are required to bundle UNEs.***[5]

a. Local Switching

In this proceeding, SBC and Verizon offer extensive comments providing examples and numbers relating to competitive access to local switching. Both ILECs have postured that CLECs have committed considerable investment in switches within their operating regions and thus local switching is not only being self-provisioned by a large number of CLECs but the switch port is readily available to competitors throughout both dense and sparsely populated areas.[6]

However, SBC's data has been proven false in Texas proceedings. After discovery and cross examination showed that there were less than one fourth as many switches in existence as alleged by SBC, and especially after evidence showed that CLECs that owned switches were not offering ports to competitors, the Texas Commission reached exactly the opposite conclusion suggested by SBC, which is that failure of SWBT to provide local switching as a UNE would impair the ability of CLECs to compete in their local market.[7]

If the Commission intends to do anything with these allegations of SBC and Verizon, other than immediately dismiss them as unreliable, we urge a careful examination of this data and that the Commission reach its own conclusions, both as to the number of CLEC switches in

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[5] Comments of the Southwest Competitive Telecommunications Association; CC Docket No. 01-338, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; April 5, 2002 page 5
[6] See SBC Comments, pp i - ii; Verizon Comments pp 8 - 9.
[7] Public Utility Commission of Texas Docket 24542; Petition of MCI Metro Access Services LLC, Sage Telecom, Inc., Texas UNE Platform Coalition, McLeod USA Telecommunications Services, Inc., and AT&T Communications of Texas, L.P. for Arbitration of an Interconnection Agreement with Southwestern Bell Telephone Company; Arbitration Award, May 1, 2002, DPL Issue 8, pg 64.

existence as well as how many, if any at all, switch-based CLECs are offering switch ports to their competitors.

b. Removing UNEs from the UNE List

We also address in this section whether UNEs should be artificially removed from the UNE list at a point in time when the Commission deems the wholesale market has provided competitive access to ubiquitous network elements. We feel that it is far to premature to consider restricting access to UNEs. Ultimately, the Commission and the industry must rely on the state of competition in the wholesale market to determine when competitive alternatives for ILEC controlled UNEs are wholly available to the industry.

As we explained in our previous comments, competitive providers are more likely than the ILECs to invest in advanced network technologies and true network innovation, as they are not saddled with an embedded legacy network to justify and maintain. Because of this, competitive wholesale alternatives will presumably be more efficient, more technologically advanced and more cost efficient than elements available in the incumbent network. As they become available, carriers will quickly migrate to these cheaper, more advanced alternatives resulting in less demand for the incumbent's legacy elements. In short, when a UNE is no longer necessary, CLECs will quit purchasing them. Nevertheless, the current demand on the incumbent network reasonably suggests that competitive wholesale alternatives are not yet available and that without access to UNEs, competitors will exit the market in record numbers.

However, if contrary to the reasoned arguments presented to the Commission by SWCTA and competitors in this review, the Commission continues forward with plans to remove UNEs from the national UNE list, we urge the Commission to consider the Texas PUC's arguments that

the national UNE list should be the ***minimum*** of unbundling obligations imposed on the incumbent provider. If an incumbent provider wishes to challenge a UNE on the list, they should be required to do so at the state regulatory agency in a granular proceeding or arbitration type proceeding in which the state commission reviews evidence presented by both the ILEC and the CLEC to determine if such UNE access is warranted in their state. As well, the states should be allowed to expand those minimum UNE requirements, after careful study and consideration, in order to meet the competitive needs of the state.

This suggestion makes a great deal of sense for several reasons:

First, competitive alternatives to ILEC UNEs will not be available in all parts of the nation at the same time. UNEs should be reviewed and any cuts should be made by region, based upon competitive access. It is highly probable that competitive alternatives to a particular element exist in the state of New York and not in a predominately rural state such as Montana.

Second, removing access to UNEs in any particular market segment, state or from the national list should be done through an arbitration type proceeding. As we have previously suggested, the Act and the Commission have established very workable procedures to delegate these types of proceedings to the states. It would be a great strain for the Commission to undertake the multiple proceedings, such as was recently conducted in Texas under the guise of the *Texas UNE Arbitration*[8]*,* necessary to determine if a UNE should be removed from the list in all together or in some segments through a "carve-out" mechanism. Clearly, state commissions are in the best position to conduct these proceedings and make appropriate impairment analysis based on the competitive climate of their state.

[8] Public Utility Commission of Texas Docket 24542; Petition of MCI Metro Access Services LLC, Sage Telecom, Inc., Texas UNE Platform Coalition, McLeod USA Telecommunications Services, Inc., and AT&T

IV. Availability of the UNE Platform

We urge the Commission to continue the availability of the unbundled network element platform or UNE-P, along with Total Service Resale and UNE Combinations with CLEC facilities, as viable means of entry into the competitive telecommunications market. We also strongly dispute the claim by SBC that UNE-P is not a migratory route to competitive switch deployment.[9]

The Commission should understand that not all competitors will invest in a network, nor should they be expected too make such an investment. Even competitors not offering innovative network technologies can distinguish themselves from the pack by offering value-added services and unique and responsive service to their customers or even by providing pre-paid services to customers with limited credit through reselling another provider's services.

However, many, if not most, competitors will follow the natural evolutionary path of the industry. First, CLECs will enter the market through the most economic method, which is often Total Service Resale of the ILEC services or through UNE-P. Of the two, UNE-P is the most desirable entry method due to the staggering costs and low revenue return inherent in Total Service Resale. Once in the market, CLECs can begin to build solid customer bases and increase revenue by utilizing the existing network elements. Next, CLECs will typically begin combining UNEs with innovative technologies of their own to distinguish themselves from the rest of the pack. Finally, they will begin deploying switches and investing in facilities once their customer bases are large enough to warrant such an investment.

Communications of Texas, L.P. for Arbitration of an Interconnection Agreement with Southwestern Bell Telephone Company.

[9] *See* SBC Comments; pg 76.

It is not surprising that ILECs are not enthusiastic about current modes of entry. ILECs clearly understand that premature facilities investment does not lead to competition but to bankruptcy. It is also no surprise that ILECs are extremely vocal about facilities-based competition. They are fully aware that monies for capital investments in the telecom industry, particularly the amounts required to duplicate the incumbent network, are in very short supply, if they exist at all.

It is important in this critical juncture, that the Commission remain patient as the industry takes the steps necessary to realize the ultimate goal of the act, vibrant and meaningful competition. It has only been a scant six years since the passage of the Act; **6** years compared to the **125** years the ILECs built their network under the protection of a monopoly. Six years is entirely too soon to determine that this very important method of entry is simply not working. We suggest that not only the Commission give UNE-P time to work, but also ensure it remains an available option for any new competitor seeking to enter the industry. We urge the Commission **not** to fall pray to the ILECs plan to erect the largest roadblock to competition, the inability to access entry mechanisms and to scale back unbundling obligations. Even though the competitive market is still very much in its infancy, the economics of competition have become abundantly clear; ***a competitor must have customers before it invests in a capital-intensive network.***

IV. The Myth that ILEC Unbundling Obligations Disincent Facilities Investment and Unbundling New Investment (Broadband)

The claims of Verizon that unbundling obligations disincent CLECs and ILECs from rolling out facilities investment are simply unfounded. As we have stated in our previous comments, we fail to see the economic incentive wherein unbundling delays broadband implementation by the ILECs. In fact, it is our understanding that unbundling has the opposite

affect on facilities investment and broadband deployment by encouraging demand for new facilities thus driving down the incremental costs associated with broadband deployment. Furthermore, driving down network costs will ultimately result in pushing down market prices for broadband services thus increasing the demand on such services.

Regardless of their claims to regulatory agencies, ILECs are investing in new network plant and broadband roll-out even though they may likely be forced to open that plant to unbundling obligations in the future. In fact, we would further suggest that the current plant improvements would not be available today had ILECs retained their protected monopoly status. The simple fact of the matter is, that while the ILECs enjoyed little or no competition, they were victims of their own incumbency and chose not to deploy new technologies, fiber plant and advanced services such as ISDN and xDSL services that would reduce the utilization of older technology plant. We have only seen the advancement of broadband investment **since** the passage of the Act and upon the ILECs first taste of competition. For example, SBC did not offer residential DSL services until competitors forced open the obligation to provided DSL capable loops as part of the Section 252 arbitration process. That competition not only motivated SBC to deploy central office-based DSLAMS but since 1999 SBC has invested billions of dollars in Texas alone on Project Pronto, which is a partial fiber upgrade to the existing network.[10] By SBC's own admission in press releases found on its website, "SBC Communications Inc., the parent company of Southwestern Bell, is pushing fiber optic lines deeper into neighborhoods to connect to newly deployed neighborhood broadband gateways,

[10] Although SBC seeks to perpetuate the myth that Pronto is a new network, it is not. Wherever possible, Pronto utilizes existing copper distribution, existing rights of way, existing central office space, existing remote terminals, existing distribution interfaces, and existing network interface devises. Just as SBC could not cost-effectively deploy Pronto as a whole cloth new network without leveraging wherever possible on its existing network. Neither can a competitor. This is the essence of the "impair" standard.

which house high-speed DSL Internet capabilities".[11] We have attached several of these press releases touting the Pronto roll-out in small cities and towns across the state of Texas (see Attachment A).

As we previously stated in comments in this proceeding, the best way to encourage deployment in broadband investment is to remove all roadblocks to competition for these services. Allow competitors continued access to current UNEs, allow competitors unfettered access to UNEs from newer, more efficient broadband facilities, reaffirm ILECs must make UNE combinations, reaffirm that CLECs are to be allowed access to UNEs without collocations and finally force ILECs to participate in line sharing, where the incumbent provider utilizes the low-frequency portion of the local loop to provide voice services while a competitor utilizes the high-frequency portion of the loop to provide xDSL services, and line splitting, where two competitors provide the voice and data services utilizing both the high and low frequencies of the local loop. These steps will give competitors the tools necessary to combine UNEs with their own ingenuity and investment to bring more innovative and technologically advanced broadband services to consumers. Without such unfettered access, the DSL market is likely to erode bringing higher prices and fewer customers.

Finally, we concur with CompTel's comments that there simply is no reasonable manner in which to segregate "old" investment from "new" investment.[12] Nor is any such dichotomy supportable by the statutory language of the Act. ILECs are not building new networks. They are combining newer, more efficient switches into their current network and upgrading old plant

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[11] High-speed Internet Availability Expanded in Corpus Christi Through $6 Billion Project Pronto, Southwestern Bell DSL Internet Service Now Available to Over 25% More Homes and Businesses in Corpus Christi; Corpus Christi, Texas, July 30, 2001.

[12] Comments of the Competitive Telecommunications Association; CC Docket No. 01-338, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; April 5, 2002; page 40.

with fiber in order to provision broadband services. It would be a regulatory nightmare, and completely unworkable, to segregate the new plant from the legacy network. The Commission should immediately dismiss this suggestion as unacceptable and ILECs **must** be required to adhere to Section 251 of the Act by providing CLECs with UNEs regardless of the age of the network.

VI. Unbundling Obligations Sunset Three Years from FCC Triennial Review Order[13]

Verizon's suggestion that incumbent unbundling obligations should sunset three years from the forthcoming FCC Triennial Review order is nothing short of absurd. By Verizon's suggestion, competitors should only be allowed a scant ***nine*** years to duplicate a network that took well over a century to develop.

First, the Act does not require nor even imply that CLECs are required to build redundant networks that are ubiquitous to the incumbent network, which would be the result of such a sunset provision. Second, no CLEC could overcome the financial hurdle and raise the necessary capital for such an investment. Finally, it was ***never*** the intention of the Act for unbundling obligations to simply sunset.

Verizon has no evidence to support its claim that by establishing a "firm sunset date" competitors will be incented to invest in redundant, ubiquitous facilities. In fact, we suggest, quite the opposite will happen. If CLECs know they will no longer have access to the incumbent network at UNE rates on a date certain within the next three years, what CLECs left today will soon be exiting in droves, as such a financial hurdle is too great to overcome. Indeed, a sunset provision would provide market certainty, certainty that the market would very shortly turn into to a tight oligopoly or, worse yet, become an unregulated monopoly. Clearly this is not the

outcome envisioned by Congress when the Act was passed and we urge the Commission to dismiss this suggestion as nonsense.

VII. State's Role in Unbundling Obligations

SWCTA suggests that the Act did not envision the Commission to act alone. We further suggest that work of the Act and the Commission is to lay out policy directives and delegate policy implementation to the state commissions. Indeed, it is this cooperative model that has proven so successful to date.

The Commission must recognize that state commissions are in a unique position to observe and react to trends in the industry and craft appropriate remedies within a reasonable timeframe.

The Texas PUC is a good example of a state commission utilizing its resources to the fullest extent possible. Over the past six years, the Texas PUC has willingly embraced competition, dealt aggressively with incumbent foot dragging, and installed pro-competitive measures in accordance with the Commission directives and within the bounds of the Act. In fact, other state commissions have incorporated many of these actions, such as the Texas 271 agreement and the performance measurement and remedy plan. Indeed, Texas has gained a reputation for being one most pro-competitive states in the nation because of the Texas PUC's willingness to meet these issues head on. And quite contrary to the notion that the Commission should act alone, the Commission has historically used the states as laboratories and has adopted best results from the states. For example, Commission decisions on collocation and dark fiber followed very closely with prior decisions from the Texas PUC.

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[13] See Verizon Comments; pg 70.

However, if the Commission seeks to alter this cooperative model, we concur with the Texas PUC that it is appropriate and wholly advisable to convene a Federal-State Joint Conference on UNEs to ensure the particular needs for each state are considered.[14] However, we advise that even this approach would create great risks that the dynamics of innovation will be stilted by an overly top down process.

VIII. In Summary

We reiterate our previous comments that the goal of the Act was "sustainable competition". SWCTA suggests that "sustainable" means multiple competitors in every market. And "sustainable" must mean that these competitors are profitable, or operating with a business plan that will take them to profitability within the time frame set out by that plan. It is unreasonable for the Commission to suggest, as it has in its *Triennial Review Notice*, that facilities-based competition is the preferred and perhaps the only true means of competition. We are not surprised that the incumbent carriers continuously promote facilities-based competition above all other forms and grumble about providing equal access on their networks. However, we hope that over the course of this proceeding, the Commission has seen through the façade and recognizes the incumbents are simply attempting to protect their near monopoly status or better yet, evolve into unregulated monopolies. Facilities-based competition, while valuable and the ultimate goal of many providers, is the end product of many years of successful, vibrant competition. It should never be seen as the starting point.

Moreover, it is incumbent on the Commission to fully protect the current avenues to entry, as well as, access to new plant investments. It is also incumbent on the Commission to

[14] Reply Comments of the Public Utility Commission of Texas; CC Docket No. 01-338, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; May 9, 2002; pg 19.

further the goals of the act by continuing with the current federal-state cooperative model as states are in the best position to truly understand their competitive needs.

SWCTA appreciates the opportunity to participate in these important proceedings and urges the Commission to duly consider our comments included herein.

Respectfully Submitted,

/s/ Charles D. Land

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Attachment A

Southwestern Bell Expands High-Speed DSL Internet Service Availability In Austin Through Project Pronto

Additional Austin Customers Eligible To Receive High-Speed Internet Access Powered By Southwestern Bell DSL

Austin, Texas, February 03, 2000

To continue meeting customer demand for faster Internet access, Southwestern Bell DSL, a high-speed Internet access service powered by Digital Subscriber Line (DSL) technology, will be available from three additional central offices in the Austin area beginning Feb. 3. Combined with the company's previous deployment, Southwestern Bell DSL service is available to nearly 200,000 Austin area homes and businesses served by 15 central offices.

DSL enables customers to access the Internet or corporate networks at speeds up to 200 times faster than traditional 28.8 kilobits per second (Kbps) analog modems. Unlike traditional dial-up Internet access, DSL is an "always-on" service that enables customers to instantly connect to the Internet without the frustrations of busy signals or waiting for the modem to dial-up.

"This is merely the first step toward delivering on the promise of Project Pronto in the Austin area, and plans for further developments are being finalized," said Joe Reiter, Southwestern Bell Telephone Co. "Through Project Pronto, Southwestern Bell DSL will be available to nearly every Austin resident over the next three years. Enhancements we're making to our network will dramatically increase the speed and extend the reach of Southwestern Bell DSL."

The deployment is part of Project Pronto, a $6 billion initiative that will transform Southwestern Bell's parent company, SBC Communications Inc., into America's largest single broadband provider, and create a platform to introduce a host of next-generation, broadband-powered services. Project Pronto will make SBC's DSL service available to 80 percent of SBC's customers, or 77 million Americans, over the next three years.

In addition to Southwestern Bell Internet Services, Austin customers can choose from among more than a dozen Internet Service Providers (ISPs). Southwestern Bell has signed agreements that allow AustinTX.com, Business Network Services, Database City, Illuminati Online, Insync Internet Services, Internet America, Jump Net, Micromedia Solutions, Nabi Networks, Outernet, PrismNet, Realtime and Texas Net to offer DSL service, and is negotiating with other regional ISPs.

Southwestern Bell Basic DSL service provides downstream connection speeds up to 1.5 megabits per second (Mbps) - 50 times faster than a 28.8 Kbps analog modem - and a 128 Kbps upstream connection speed. The service is available for as low as $49 per month with Internet service from Southwestern Bell Internet Services.

Southwestern Bell Premium DSL service is available with downstream connection speeds up to 6 Mbps - 200 times faster than a 28.8 Kbps modem - and an upstream connection speed of 384 Kbps. Premium DSL service is available for as low as $199 per month with Internet access from Southwestern Bell Internet Services.

Downstream throughput speeds vary depending on a customer's distance from the central office, but customers are guaranteed a minimum downstream connection speed of 384 Kbps for Basic DSL service and 1.5 Mbps for Premium DSL service. Equipment and installation for Basic and Premium DSL service are available for a one-time charge as low as $198.

"DSL is emerging as the technology of choice for high-speed Internet and remote LAN access," Joe Reiter said. "Southwestern Bell DSL service is widely available and affordably priced, and provides a level of choice and reliability that competing technologies cannot match."

DSL uses the same copper phone lines that run into almost every home and office. Subscribers receive a dedicated connection to their central office, which results in consistent service speeds, and can simultaneously be on the Internet and phone at the same time.

To receive service today, the phone line running from customers' homes to a DSL equipped central office must be no longer than 3.3 miles and must meet certain transmission criteria. However, to virtually eliminate this distance limitation, Southwestern Bell is pushing fiber deeper into neighborhoods and installing neighborhood broadband gateways to push network capabilities now housed in central offices closer to customers.

Austin residents can call 1-888-SWB-DSL1 or visit Southwestern Bell's Web site (www.swbell.com/dsl) for additional information. Web site visitors can enter their area code and prefix to determine if their central office is DSL-equipped.

***Southwestern Bell Telephone Co**. provides basic and leading-edge telephone services and products to more than 15 million business and residential customers - a total of 24.3 million voice grade equivalent lines - in Texas, Missouri, Oklahoma, Arkansas and Kansas. It is a company of **SBC Communications Inc.** (www.sbc.com), a global communications leader. Through its subsidiaries - **Southwestern Bell**, **Ameritech**, **Pacific Bell**, **SBC Telecom**, **Nevada Bell**, **SNET** and **Cellular One** - and world-class network, SBC provides local and long-distance phone service, wireless and data communications, paging, high-speed Internet access and messaging, cable and satellite television, security services and telecommunications equipment, as well as directory advertising and publishing. In the United States, the company currently has 90.4 million voice grade equivalent lines, 11.2 million wireless customers and is undertaking a national expansion program that will bring SBC service to an additional 30 markets. Internationally, SBC has telecommunications investments in 23 countries. With more than 204,000 employees, SBC is the 13th largest employer in the U.S., with annual revenues that rank it among the largest Fortune 500 companies.*

Southwestern Bell Expands High-Speed DSL Internet Service Availability In Beaumont Through Project Pronto

Additional Beaumont Customers Eligible To Receive High-Speed Internet Access Powered By Southwestern Bell DSL

Beaumont, Texas, February 03, 2000

To continue meeting customer demand for bandwidth and faster Internet access, Southwestern Bell DSL, a high-speed Internet access service powered by Digital Subscriber Line (DSL) technology, will be available from two additional central offices in Beaumont and Nederland beginning Feb. 3. Combined with the previous deployment, Southwestern Bell DSL now is available to nearly 40,000 Southeast Texas area homes and businesses served by five central offices.

DSL enables customers to access the Internet or corporate networks at speeds up to 200 times faster than traditional 28.8 kilobits per second (Kbps) analog modems. Unlike traditional dial-up Internet access, DSL is an "always-on" service that enables customers to instantly connect to the Internet without the frustrations of busy signals or waiting for the modem to dial-up.

"This is merely the first step toward delivering on the promise of Project Pronto in the Beaumont area, and plans for further developments are being finalized," said Eddie Arnold, Area Director for External Affairs - Southwestern Bell Telephone Co. "Through Project Pronto, Southwestern Bell DSL will be available to nearly every Beaumont resident over the next three years. Enhancements we're making to our network will dramatically increase the speed and extend the reach of Southwestern Bell DSL service."

The deployment is part of Project Pronto, a $6 billion initiative that will transform Southwestern Bell's parent company, SBC Communications Inc., into America's largest single broadband provider, and create a platform to introduce a host of next-generation, broadband-powered services. Project Pronto will make SBC's DSL service available to 80 percent of SBC's customers, or 77 million Americans, over the next three years.

In addition to Southwestern Bell Internet Services, Beaumont and Nederland customers can choose from other Internet Service Providers (ISPs). Southwestern Bell has signed agreements that allow Data Recall and IH2000 to offer Southwestern Bell's DSL service, and is negotiating with other regional ISPs.

Southwestern Bell's Basic DSL service provides downstream connection speeds up to 1.5 megabits per second (Mbps) - 50 times faster than a 28.8 Kbps analog modem - and a 128 Kbps upstream connection speed. The service is available for as low as $49 per month with Internet service from Southwestern Bell Internet Services.

Southwestern Bell Premium DSL service is available with downstream connection speeds up to 6 Mbps - 200 times faster than a 28.8 Kbps modem - and an upstream connection speed of 384 Kbps. Premium DSL service is available for as low as $199 per month with Internet access from Southwestern Bell Internet Services.

Downstream throughput speeds vary depending on a customer's distance from the central office, but customers are guaranteed a minimum downstream connection speed of 384 Kbps

for Basic DSL service and 1.5 Mbps for Premium DSL service. Equipment and installation for Basic and Premium DSL service are available for a one-time charge as low as $198.

"DSL is emerging as the technology of choice for high-speed Internet and remote LAN access," Arnold said. "Southwestern Bell DSL service is widely available and affordably priced, and provides a level of choice and reliability that competing technologies cannot match."

DSL uses the same copper phone lines that run into almost every home and office. Subscribers receive a dedicated connection to their central office, which results in consistent service speeds, and can simultaneously be on the Internet and phone at the same time.

To receive service today, the phone line running from customers' homes to a DSL equipped central office must be no longer than 3.3 miles and must meet certain transmission criteria. However, to virtually eliminate this distance limitation, Southwestern Bell is pushing fiber deeper into neighborhoods and installing neighborhood broadband gateways to push network capabilities now housed in central offices closer to customers.

Beaumont and Nederland residents can call 1-888-SWB-DSL1 or visit Southwestern Bell's Web site (www.swbell.com/dsl) for additional information. Web site visitors can enter their area code and prefix to determine if their central office is DSL-equipped.

Southwestern Bell Telephone Co*. provides basic and leading-edge telephone services and products to more than 15 million business and residential customers - a total of 24.3 million voice grade equivalent lines - in Texas, Missouri, Oklahoma, Arkansas and Kansas. It is a company of* ***SBC Communications Inc.*** *(www.sbc.com), a global communications leader. Through its subsidiaries -* ***Southwestern Bell****,* ***Ameritech****,* ***Pacific Bell****,* ***SBC Telecom****,* ***Nevada Bell****,* ***SNET*** *and* ***Cellular One*** *- and world-class network, SBC provides local and long-distance phone service, wireless and data communications, paging, high-speed Internet access and messaging, cable and satellite television, security services and telecommunications equipment, as well as directory advertising and publishing. In the United States, the company currently has 90.4 million voice grade equivalent lines, 11.2 million wireless customers and is undertaking a national expansion program that will bring SBC service to an additional 30 markets. Internationally, SBC has telecommunications investments in 23 countries. With more than 204,000 employees, SBC is the 13th largest employer in the U.S., with annual revenues that rank it among the largest Fortune 500 companies.*

Southwestern Bell Launches High-Speed DSL Internet Service In Cleburne Through Project Pronto

Approximately 10,000 Homes And Businesses In Cleburne Eligible To Receive High-Speed Internet Access Powered By Southwestern Bell DSL

Cleburne, Texas, February 03, 2000

Fasten your seat belts, Cleburne. Southwestern Bell DSL is shifting the Internet into overdrive. To meet customers' growing need for bandwidth and faster Internet access, the company is rolling out Southwestern Bell DSL, a high-speed Internet access powered Digital Subscriber Line (DSL) technology, in Cleburne on Feb. 3.

DSL enables customers to access the Internet or corporate networks at speeds up to 200 times faster than standard analog modems. Unlike traditional dial-up Internet access, DSL is an "always-on" service that enables customers to instantly connect to the Internet without the frustrations of busy signals or waiting for the modem to dial-up.

"Customers in Cleburne and elsewhere want reliable, affordable high-speed access to the Internet and corporate networks, and we're meeting this need by making Southwestern Bell DSL available throughout Southwestern Bell's territory," said Randy Teakell, Southwestern Bell Telephone Co. "DSL is an ideal broadband solution for Internet enthusiasts, telecommuters and small businesses."

The deployment is part of Project Pronto, a $6 billion initiative that will transform Southwestern Bell's parent company, SBC Communications Inc., into America's largest single broadband provider, and create a platform to introduce a host of next-generation, broadband-powered services. Project Pronto will make SBC's DSL service available to an estimated 77 million Americans - 80 percent of SBC's customers - over the next three years. In most markets, the initiative will raise the minimum DSL connection speeds to 1.5 megabits per second (Mbps) and 6.0 Mbps depending on the package purchased.

Southwestern Bell DSL will initially be available to approximately 10,000 homes and businesses in Cleburne. Additionally, Southwester Bell DSL is currently available to approximately 650,000 Dallas homes and businesses. To receive service today, the phone line running from customers' homes to a DSL equipped central office must be no longer than 3.3 miles and must meet certain transmission criteria.

In addition to Southwestern Bell Internet Services, Cleburne customers can choose from among other Internet Service Providers (ISPs). Southwestern Bell has signed agreements that allow Catalog.com/Dallas.net, Waymark, ImagiNet Communications and Flashnet to offer Southwestern Bell's DSL service, and is negotiating with other regional ISPs.

Currently, Southwestern Bell's Basic DSL service provides downstream connection speeds up to 1.5 Mbps - 50 times faster than a 28.8 kilobits per second (Kbps) analog modem - and a 128 Kbps upstream connection speed. The service is available for as low as $49 per month with Internet service from Southwestern Bell Internet Services.

Southwestern Bell Premium DSL service is available with downstream connection speeds up to 6 Mbps - 200 times faster than a 28.8 Kbps modem - and an upstream connection speed

of 384 Kbps. Premium DSL service is available for as low as $199 per month with Internet service from Southwestern Bell Internet Services.

Downstream throughput speeds vary depending on a customer's distance from the central office, but customers are guaranteed a minimum downstream connection speed of 384 Kbps for Basic DSL service and 1.5 Mbps for Premium DSL service. Equipment and installation for Basic and Premium DSL service are available for a one-time charge as low as $198.

"DSL is emerging as the technology of choice for high-speed Internet and remote LAN access," Teakell said. "Our DSL service is widely available and affordably priced, and provides a level of choice and reliability that competing technologies cannot match."

DSL uses the same copper phone lines that run into almost every home and office. Subscribers receive a dedicated connection to their central office, which results in consistent service speeds, and can use a single line to simultaneously access the Internet and talk on the phone. DSL enables a variety of applications, including streaming video and audio, distance learning and interactive gaming.

Cleburne residents can call 1-888-SWB-DSL1 or visit Southwestern Bell's Web site (www.swbell.com/dsl) for additional information. Web site visitors can enter their area code and prefix to determine if their central office is DSL-equipped.

Southwestern Bell Telephone Co*. provides basic and leading-edge telephone services and products to more than 15 million business and residential customers - a total of 24.3 million voice grade equivalent lines - in Texas, Missouri, Oklahoma, Arkansas and Kansas. It is a company of* ***SBC Communications Inc.*** *(www.sbc.com), a global communications leader. Through its subsidiaries -* ***Southwestern Bell****,* ***Ameritech****,* ***Pacific Bell****,* ***SBC Telecom****,* ***Nevada Bell****,* ***SNET*** *and* ***Cellular One*** *- and world-class network, SBC provides local and long-distance phone service, wireless and data communications, paging, high-speed Internet access and messaging, cable and satellite television, security services and telecommunications equipment, as well as directory advertising and publishing. In the United States, the company currently has 90.4 million voice grade equivalent lines, 11.2 million wireless customers and is undertaking a national expansion program that will bring SBC service to an additional 30 markets. Internationally, SBC has telecommunications investments in 23 countries. With more than 204,000 employees, SBC is the 13th largest employer in the U.S., with annual revenues that rank it among the largest Fortune 500 companies.*

Southwestern Bell Launches High-Speed DSL Internet Servicee In Seguin Through Project Pronto

Approximately 7,500 Homes And Businesses In Seguin Eligible To Receive High-Speed Internet Access Powered By Southwestern Bell DSL

Seguin, Texas, February 03, 2000

Fasten your seat belts, Seguin. Southwestern Bell DSL is shifting the Internet into overdrive. To meet customers' growing need for bandwidth and faster Internet access, the company is rolling out Southwestern Bell DSL, a high-speed Internet access service powered by Digital Subscriber Line (DSL) technology, in Seguin on Feb. 3.

DSL enables customers to access the Internet or corporate networks at speeds up to 200 times faster than standard analog modems. Unlike traditional dial-up Internet access, DSL is an "always-on" service that enables customers to instantly connect to the Internet without the frustrations of busy signals or waiting for the modem to dial-up.

"Customers in Seguin and elsewhere want reliable, affordable high-speed access to the Internet and corporate networks, and we're meeting this need by making Southwestern Bell DSL available throughout Southwestern Bell's territory," said Gene Moreno, External Affairs Director for Southwestern Bell Telephone Co. "DSL is an ideal broadband solution for Internet enthusiasts, telecommuters and small businesses."

The deployment is part of Project Pronto, a $6 billion initiative that will transform Southwestern Bell's parent company, SBC Communications Inc., into America's largest single broadband provider, and create a platform to introduce a host of next-generation, broadband-powered services. Project Pronto will make SBC's DSL service available to an estimated 77 million Americans - 80 percent of SBC's customers - over the next three years. In most markets, the initiative will raise the minimum DSL connection speeds to 1.5 megabits per second (Mbps) and 6.0 Mbps depending on the package purchased.

Southwestern Bell DSL will initially be available to approximately 7,500 homes and businesses in Seguin. Additionally, Southwestern Bell DSL is currently available to approximately 264,000 San Antonio homes and businesses. To receive service today, the phone line running from customers' homes to a DSL equipped central office must be no longer than 3.3 miles and must meet certain transmission criteria.

In addition to Southwestern Bell Internet Services, Seguin customers can choose from among several other Internet Service Providers (ISPs). Southwestern Bell has signed agreements that allow Compuvision, Internet America, Internet Direct, Inc., Jump Net, STIC.NET, Texas Net and UUNET to offer Southwestern Bell's DSL service, and is negotiating with other regional ISPs.

Currently, Southwestern Bell's Basic DSL service provides downstream connection speeds up to 1.5 Mbps - 50 times faster than a 28.8 kilobits per second (Kbps) analog modem - and a 128 Kbps upstream connection speed. The service is available for as low as $49 per month with Internet service from Southwestern Bell Internet Services.

Southwestern Bell Premium DSL service is available with downstream connection speeds up to 6 Mbps - 200 times faster than a 28.8 Kbps modem - and an upstream connection speed

of 384 Kbps. Premium DSL service is available for as low as $199 per month with Internet service from Southwestern Bell Internet Services.

Downstream throughput speeds vary depending on a customer's distance from the central office, but customers are guaranteed a minimum downstream connection speed of 384 Kbps for Basic DSL service and 1.5 Mbps for Premium DSL service. Equipment and installation for Basic and Premium DSL service are available for a one-time charge as low as $198.

"DSL is emerging as the technology of choice for high-speed Internet and remote LAN access," Moreno said. "Southwestern Bell DSL service is widely available and affordably priced, and provides a level of choice and reliability that competing technologies cannot match."

DSL uses the same copper phone lines that run into almost every home and office. Subscribers receive a dedicated connection to their central office, which results in consistent service speeds, and can use a single line to simultaneously access the Internet and talk on the phone. DSL enables a variety of applications, including streaming video and audio, distance learning and interactive gaming.

Seguin residents can call 1-888-SWB-DSL1 or visit Southwestern Bell's Web site (www.swbell.com/dsl) for additional information. Web site visitors can enter their area code and prefix to determine if their central office is DSL-equipped.

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Attachment B

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers	)	CC Docket No. 01.338
	)	
Implementation of the Local Competition Provisions of the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
Deployment of Wireline Services Offering Advanced Telecommunications Capability	)	CC Docket No. 98.147

DECLARATION OF HOWARD SIEGEL
ON BEHALF OF IP COMMUNICATIONS

Based on my personal knowledge and on information learned in the course of my business duties, I, Howard Siegel, declare as follows:

Qualifications

1. My name is Howard Siegel. I am the Vice President of External Affairs and Regulatory Policy of IP Communications ("IP"). IP is an innovative provider of high-speed telecommunications services including digital subscriber line ("DSL") that has previously filed comments in this proceeding. In my present position, I have participated in numerous forums relating to unbundling obligations in general and SBC's Project Pronto in particular. I have reviewed the viability of replicating SBC's Project Pronto, considered the actions necessary to replicate ILEC loops, and the economic and local impact of such replication.

Purpose of Declaration

2. The purpose of my declaration is to point out issues that demonstrate that the removal of unbundling requirements will diminish competition rather than incent the creation of competition as suggested by SBC, Verizon, and other ILECs.

3. With regard to Next Generation Digital Loop Carrier ("NGDLC"), it would cost IP over a ***billion*** dollars to simply collocate ubiquitously in the hundreds of central offices in the SWBT region in which IP currently has a presence. Such a price tag in the billions would be totally cost prohibitive leading to IP being frozen out of the DSL market reached by such facilities rather than being incented to build such duplicative facilities. Moreover, not only would such costs be totally prohibitive, it would not be received well by local municipalities. In discussions with municipal employees, beyond the prohibitive cost, municipalities do not want the numerous redundancy of remote terminal boxes, pedestals, and cutting up of neighborhood streets and yards that would necessarily result if such ubiquitous duplication took place.

4. Regarding the even more extreme suggestion from Verizon that all UNEs would sunset, IP notes that the estimate in the ***billions*** was limited to the thousands of remote terminal collocations that would be required. If in addition to that cost, IP would be required to pay ***many more billions*** to replicate loop and transport transmission facilities that SWBT built over a hundred years with captive ratepayers and a guaranteed opportunity to earn a reasonable rate of return. IP, like most other CLECs, would no longer exist. There simply is no way to incent construction with dollars that do not exist. Similarly, it would not be in the public interest even if IP had capital at its disposal. Duplication for duplication sake is not efficient just like a half dozen remote terminals in a person's backyard is not desirable.

Conclusion

5. This declaration rebuts suggestions from SBC, Verizon, and others that removing and refraining from unbundling will instill competition. Quite to the contrary, financial, economic, and local considerations all argue for continued robust unbundling obligations. The few entrepreneurial competitors left in the marketplace will be removed from that marketplace if the FCC accepts the self-serving assumptions of the ILECs. IP and others will not be incented to engage in new construction. Instead, we will be incented to exit the market.

6. This concludes my declaration on behalf of IP Communications.

I declare under penalty of perjury under the laws of the United States of America that the foregoing Declaration on IP Communications is true and correct to the best of my knowledge and belief.

/s/ Howard Siegel
Howard Siegel

Dated: July 16, 2002.